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C O N F I D E N T I A L SECTION 01 OF 03 PRAGUE 000322

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TAGS: [PREL](#) [PGOV](#) [EZ](#)  
SUBJECT: CZECH GOVERNMENT LOSING MOMENTUM

REF: A. PRAGUE 113  
[1](#)B. PRAGUE 261

Classified By: POLEC COUNSELOR MICHAEL DODMAN FOR REASONS 1.4 (B) AND (D).

[1](#)1. (C) SUMMARY: The Topolanek coalition is struggling on a number of fronts to maintain momentum and advance a few key priorities before the summer parliamentary recess and the fall regional and senate elections. Tensions appear to be growing between and within the three parties that make up the Topolanek coalition. These tensions have projected themselves into a number of issues, including pending legislation on church property restitution and health care reform. The approaching elections will only further strain the coalition, as the three parties look for ways to arrest their falling popularity and appeal to the disenchanted Czech voter. The coalition's current funk in part explains the the less than organized approach to MD ratification, but the government -- and especially Topolanek himself -- remain committed to MD and are expected to push for a parliamentary vote on the MD agreements after the fall elections. END SUMMARY.

POST-ELECTION BLUES  
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[1](#)2. (C) The Topolanek government and its three constituent parties have not fully recovered from the February presidential elections, which saw the coalition deeply divided between the two candidates (REF A). Although the Civic Democrats (ODS) in the end managed to push through their candidate Vaclav Klaus, many in the party continue to view the Greens as unreliable partners who betrayed the coalition by allying themselves with the opposition Social Democrats (CSSD) against Klaus and ODS. These sentiments have only been exacerbated by the recent Greens' "weakness" with regard to the health care reform, which the coalition pushed through last fall. The Greens have now joined the Christian Democrats (KDU-CSL) in calling for changes in the health care reform, which has become the source of much public anger and a favorite target for the political opposition. As a result of these sins on the part of the Greens, there was probably no tear shed in ODS ranks when President Klaus recently vetoed the anti-discrimination law, which was a key priority for the Greens. Interestingly, during a February dinner with Ambassador Graber, the Greens' leadership anticipated the Klaus veto in revenge for their opposition to his reelection. Many in the Green party also resent the way the presidential elections became tainted by allegations of vote buying, bullying, and other unsavory pressure tactics, mostly on the part of ODS.

[1](#)3. (C) While the ODS-Greens tensions are rising, the Greens biggest problem remains -- the Greens. The party is currently undergoing another of its periodic paroxysms, where its leaders engage in open warfare. Green Party chairman and DPM Martin Bursik has been trying to quell this internal rebellion, which has deeper roots but has climaxed in the

months since the presidential elections. Bursik has been under attack for a leadership style that is viewed as too authoritarian and an inability to push through the party's priorities. More recently, he has faced criticism over last week's approval of the BMD agreement in the cabinet. His party opponents have started calling for an extraordinary party congress to decide the party's position on MD. Bursik has publicly welcomed these calls because he also sees an early party congress as the only way to settle the party's fratricidal disputes. However, beyond the very public sniping from both sides, no decision has been made on holding an early congress, which would presumably take place before the fall elections. Even if an early congress were to take place, Bursik would be well placed to defend his position. He remains in control of the party and is by far the best chairman the party has had. However, the constant nipping at this heels has been a distraction and has undermined the party's image as a solid, well functioning political alternative to the larger parties. An early congress, even if it comes before the fall elections would do little to repair the Greens' image, since it would likely be a no holds barred political fight.

14. (C) KDU-CSL is also in a slump, and the return of its chairman, Jiri Cunek, into the cabinet has done little to lift the party (REF B). Although Cunek's return to the cabinet was perhaps inevitable, his corruption case -- nominally closed -- continues to plague and threaten the coalition. A court case that is investigating the suspicious circumstances under which the Cunek investigation was stopped in late 2007 has already revealed a number of embarrassing details about efforts of some government officials to slow

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and eventually stop the Cunek corruption investigation. Another headline-grabber became FM Schwarzenberg's recent decision to hire the American investigative firm Kroll to review Cunek's finances. Note: When Cunek was reappointed to the cabinet in April, FM Schwarzenberg did not resign as he had originally stated. Schwarzenberg justified this step back from his initial principled stand by promising that Cunek's personal finances would be audited. An aide to Schwarzenberg told us that if the audit results support the corruption charges against Cunek, Schwarzenberg will resign. The report is due in July. Schwarzenberg's possible departure would be an enormous loss for the coalition, since he is the government's most popular and trusted member. End Note.

15. (C) Recent events reveal that ODS is also far from united. Topolanek's first stumble over Kosovo recognition was in part due to internal ODS disagreements over the issue. Without the full support of his own ODS ministers, Topolanek could not force through Kosovo recognition over the objections from KDU-CSL. He eventually managed to get his party's ministers under control only to be embarrassed again by a group of ODS rebel MPs who sided with the opposition and prevented the first reading of the church property restitution law earlier in May. The proposed law was long in coming and was a key priority for KDU-CSL. Some have speculated that the law is a pay-back for KDU-CSL support for Klaus in the February election. The law could also be a part of a political deal to ensure continued KDU-CSL support for Topolanek's key priorities, including MD. Topolanek has stated publicly that the law will be taken up again in June, by which time he expects to quell this latest rebellion within his party.

PRE-ELECTION JITTERS

16. (C) While the coalition managed to survive the political upheaval surrounding the February presidential elections, it did not fully recover. In this weakened state, it will be facing its first electoral test in the fall, when the Czechs vote in regional and senate elections. Although

personalities and local issues tend to be decisive in regional and senate elections, the opposition CSSD has been very clear about its intentions to turn the fall elections into a referendum on the Topolanek government. By the same token, the regional and senate ODS candidates are doing everything in their power to run away from the center and, at the same time, press Topolanek to revise the deeply unpopular health care reform so that the issue cannot be used against them. During Ambassador Graber's recent trip to the Zlin region, the ODS governor, Libor Lukas, told the Ambassador that ODS would have to change tack on health care or face deeper losses in the regions.

17. (C) The opposition -- and especially CSSD -- is generally expected to improve on its extremely poor results from four years ago. ODS leaders, including Topolanek, have openly tried to temper expectations by noting that it would be unrealistic for ODS to repeat the overwhelming victory of 2004, in which they won all but one of the 13 governorships. Topolanek stated in an interview at the beginning of the year that he would be satisfied if the ODS won the governorships in nine of the 13 regions. Similarly, in the Senate, where ODS holds a majority (41 of the 81 seats), the party is certain to see some losses.

18. (C) While the fall elections will not directly impact the Topolanek coalition, the results will play a role in the three coalition party leaders' political future. All three will face regularly scheduled party elections in late 2008 and early 2009. The Greens, however, could opt to vote early in an extraordinary congress. Poor results of the coalition parties in the fall elections would increase chances that the three, but especially Topolanek, would face serious challengers in the party leadership contests. In the ODS contest, which will come in December 2008, the fall election results -- if disappointing -- will be a powerful weapon against Topolanek. For KDU-CSL, the fall election results will also be a factor, but nothing short of an electoral miracle could save the discredited Cunek next spring. A poor result for the Greens will not necessarily be fatal for Bursik, since the Greens do not generally perform well in regional elections. Bursik's fate will depend more on his continued ability to convince his party base that only under his leadership will the party be able to repeat its success in the 2010 parliamentary elections.

COMMENT

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19. (C) It has been a bumpy 16 months for the Topolanek coalition, which has been repeatedly stretched and strained by a variety of issues and circumstances. Each of the three coalition parties has proven to be an unreliable coalition partner at one point or another, since each has been plagued by internal disputes that tend to project themselves onto the functioning of the coalition. What has kept this coalition together is the commitment of its three leaders -- Topolanek, Cunek, and Bursik. For each of them, their political survival is closely linked with the coalition's survival. This dependency has meant that all three are ready to strike political deals to keep the coalition going and keep each other from going under. That is why, it is likely that Cunek will get his church property restitution law, and Bursik will eventually get the anti-discrimination law and the Lisbon treaty. And in this grand bargain, Topolanek would get MD (and likely agree to a compromise on health care as a step to bolster ODS chances in the regional elections). The three leaders, however, will have to move on these key issues before the end of the year and before the party leader elections. Furthermore, with the start of the Czech EU Presidency and the approaching 2010 elections, the hard votes will become harder.

Graber